

The Game Changers

*Corporate Foundations in a
Changing World*



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Foreword



We live in a time of unprecedented change. Disaffected citizens have been taking to the streets, and voicing their fears through the ballot box. Global elites are being challenged like never before.

For companies, this means that defining what role they want to play in communities has never been more important.

For many business leaders, a foundation is the surest route to demonstrate a commitment to society. It's not the right model for everyone, but those companies that do set up foundations often find it's a safe space. It provides an arms-length vehicle for creating social change, and a framework of good governance and transparency.

But change is also afoot in corporate foundations. The old model of writing cheques is no longer adequate. Through our work with companies and their foundations, we've seen first-hand how many are upping their game and embracing some truly innovative strategies.

This report demonstrates that, whilst financial support is vital, there can be so much more to the relationship between a business and its foundation. The leading foundations don't isolate themselves. They harness the business acumen and networks of the founding company to create impactful change – then measure the results.

A defining feature of a corporate foundation is being a separate legal entity from its parent company. So, many wonder how a foundation can harness this expertise whilst remaining independent. Critics of corporate foundations sometimes allege that they distract from the conduct of the parent company. This places a particular responsibility on corporate foundations to demonstrate that they are not just a

philanthropic extension of the business that writes cheques to offset any bad actions on the part of business.

Our research shows that some pioneers are adopting innovative strategies to deliver transformative social impact. They take the long-term view. They collaborate. They enter markets and tackle big social issues that others won't. They even develop products and services with social benefits that their parent companies will not – or cannot – invest in. The key to their success is their very independence: they stretch towards shared value approaches that bring benefits to wider society. Ultimately, these leading foundations are not hindered by structures. They are ruthlessly focused on beneficiaries.

Corporate Citizenship has been undertaking research into corporate foundations for more than a decade. The aim of our latest study has been to explore why corporate foundations are often in a better position than the parent companies to deliver significant social impacts. Our previous research from 2014 highlighted the changing approaches of corporate foundations around the world. We found that corporate foundations were beginning to move away from the idea of pure altruistic grant givers to become a more strategic business tool.

This research goes one step further to show how some corporate foundations are harnessing the innovation from their parent companies to deliver transformative social impact. We call them the Game Changers. I hope that the ideas and insights can serve as inspiration for your own programmes.

Amanda Jordan

Amanda Jordan OBE
Co-founding Director, Corporate Citizenship

Executive Summary

Game-changing corporate foundations are focused on maximising long-term social impacts. They apply their resources, expertise and connections to make a difference. A core component to maximising impact is unpacking and leveraging the relationship with the founding, parent company. Companies can create sustainable change. But foundations often provide the practical frameworks: ring-fenced funding; a safe

space to innovate; and governance and transparency structures. Whilst corporate foundations must adhere to strict legal independence, active involvement of the parent company leads to better benefits for beneficiaries.

There are six key characteristics that the Game Changers are exploring in order to innovate for impact:



Business acumen
Leveraging the expertise and knowledge of the parent company such as employee skills (Page 9)



Strategic alignment
Aligning with the parent company's focus by addressing issues relevant to their industry or geography (Page 10)



Focused
Targeting programmes in a small number of areas rather than trying to tackle everything (Page 11)



Engaging
Collaborating with external actors in partnerships to advocate change (Page 12)



Impact measurement
Ensuring that long-term change is measured consistently (Page 14)



Sustainable financing
Exploring funding options that generate both a financial return and social impact (Page 15)

We undertook a global survey of corporate foundations from more than 20 countries. This found that change is afoot.

- Nearly three quarters say that their giving strategy is linked to its parent company's business focus – this alignment has risen sharply since we last asked the question in 2013.

- Whilst 78% of corporate foundations want to measure their long-term impacts, just over half (54%) say that they currently do.
- Around two thirds of corporate foundations say they can imagine their foundation developing a new product or service that delivers a social benefit to society in the future. The aspiration for game-changing innovation is high.

Methodology

Corporate Citizenship undertook our largest survey ever of corporate foundations around the world during 2016. We wanted to understand the changing landscape, uncover emerging trends and spot some of the latest innovations.

In total, we received 118 responses from more than 20 countries. Of the total responses, 70 were from individuals representing foundations.

Given this sample size, the findings provide a snapshot of recent trends in the foundation ecosystem.

In addition, we undertook a small number of interviews with corporate foundations. We are grateful to Thomson Reuters Foundation and the The MasterCard Foundation for their participation.



Strategic Corporate Foundations

In our previous research, Corporate Citizenship identified two dimensions on a spectrum of operational structures.

Independent foundations, which do not typically have input from the parent company aside from funding, sit on one side. On the other side are **integrated foundations**, which typically have strong and numerous links to the parent company.

There are various factors that determine levels of operational independence, such as trustees from the business, corporate volunteers and secondments, and links between the foundation and the parent company's business focus, geography and strategy.

One important consideration is that even integrated foundations are separate legal

entities, which exist only to further charitable purposes for the public. Although legal structures vary around the world, it normally means that the foundation is not subject to the parent company's direction in the same way that a community or CSR programme would be.

Foundations appear to be moving towards the integrated end of the spectrum. In our previous research from 2013, 58% of respondents described the statement that 'the giving strategy is linked to the business focus' as accurate.

Today, this figure has increased to nearly three quarters (73%). This indicates that corporate foundations are becoming more strategically aligned with their parent companies. This may be the result of more synergies being realised, or perhaps increased pressure to justify investment from the parent company.

INDEPENDENT FOUNDATIONS



27%

of corporate foundations state that their giving strategy is not linked to its parent company's business focus.

INTEGRATED FOUNDATIONS

73%

of corporate foundations state that their giving strategy is linked to its parent company's business focus.

What is a corporate foundation?

A corporate foundation is a foundation whose primary income is derived in some way from a corporate source.¹ In recent years, some companies have branded their corporate social responsibility (CSR) initiatives under the

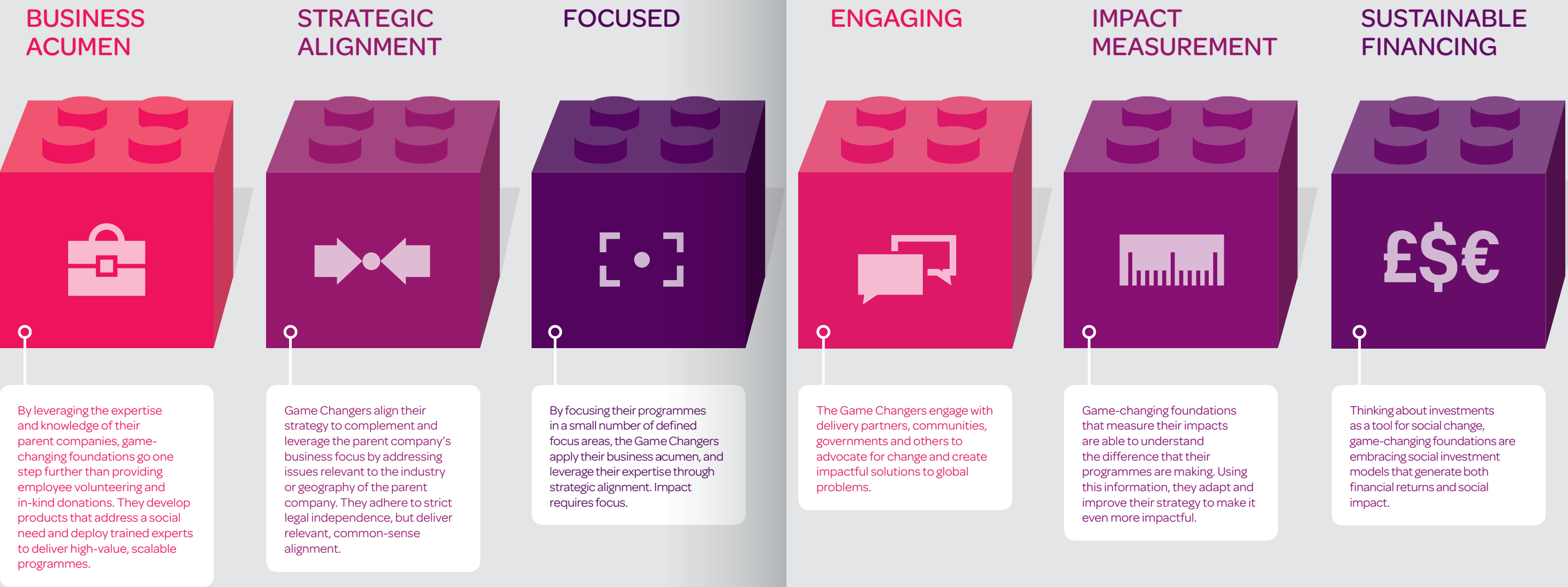
banner of a foundation. However, these are not separate entities, but rather a label applied to corporate activities. When we refer to corporate foundations in this research, we mean legally separate entities.

The Game Changers: Innovation for Social Impact

Some companies today are thinking about a purpose beyond profit. But for most, short-term financial returns remain the driving priority. This means that many businesses cannot invest in a product or service with a great social impact if it has lower or longer projected financial returns.

The idea may not make it to market. That's where foundations can come in. We have started to see that because corporate foundations are not required to make financial returns, they are able to use the expertise and knowledge of the parent company to deliver services, solutions or products with a massive social impact.

Our research has uncovered six key characteristics of modern corporate foundations. The leaders, or Game Changers as we call them, are exploring each of these six vital platforms for innovation. Each characteristic seeks to leverage the relationship with their parent companies to deliver the greatest social impact.



Corporate Foundations Around the World

Gathering data from more than 20 countries with our survey, we were able to detect trends and differences between four regions across the world.

North America

- There are over 2,500 registered corporate foundations in the USA.²
- North American corporate foundations lean towards a targeted approach to giving. Two-thirds told us that they 'work with fixed partner organisations in a small number of focus areas'.
- North American corporate foundations increasingly see the benefits of aligning more closely with their parent company. Two-thirds say that they believe a foundation should 'harness the business acumen and networks of its parent company to guide foundation strategy'.
- In the innovative field of sustainable finance, half said that they are either exploring impact investing or have already implemented it.

Latin America

- Latin American corporate foundations are leveraging their parent companies' competencies, with two-thirds reporting that a corporate foundation should 'direct activity to broad areas that link to parent company's industry or expertise'.
- Corporate foundations in Latin America look to their parent companies to enable their activities, with all respondents to our survey saying that they 'engage volunteers from their parent company'. Two-thirds said they 'make use of the networks and contacts created by the parent company'.

Europe

- Corporate foundations in Europe have a relatively focused approach to giving, with 76% reporting that they work in a small number of programmatic areas.
- The majority of European foundations are applying business acumen to create strategic alignment with their parent companies, with two-thirds of respondents reporting that their 'current giving strategy is linked to their parent company's business focus'.
- European foundations are also taking the broad view of understanding their impact, with more than half reporting that they measure 'the wider social benefit achieved' from their foundation's activity.

Asia

- Corporate foundations in Asia appear to be less focused and strategic compared to other regions. In contrast to the rest of the world, three-quarters told us that they believed corporate foundations should focus on areas 'which are not necessarily related to the parent company's industry or expertise'.
- Impact measurement by corporate foundations in Asia is lagging behind, with half reporting that they 'do not assess the impact of their corporate foundation activity' and only one-quarter reporting measuring longer-term changes or wider social benefits achieved.
- Generally, corporate foundations in Asia are not as strategically aligned to their parent company. However, half strongly agree that corporate foundations 'should adopt a strategic approach to giving', highlighting a clear gap between aspiration and reality.

Business Acumen



The first characteristic of the Game Changers is business acumen. They make use of the corporate expertise, insights and knowledge from the parent company in order to deliver a greater social impact. This could be in the form of enabling skilled volunteering, using products and services or making use of the networks and contacts created by the parent company.

Products and services

Traditionally, using a product or service to help deliver foundation programmes may have taken the form of in-kind donations. We have detected a shift where the Game Changers don't just donate products in-kind, they think about how they can adapt and apply their products and business models to address a social need. Our research has found that currently two in every five corporate foundations say they use the parent company's products or services to help deliver programmes. Others are using their foundations as incubators to design new products to address a social need. Nearly two-thirds told us that they can imagine their corporate foundation developing a new product or service that delivers a social benefit to society in the future. There is clearly an aspiration to innovate moving forwards.

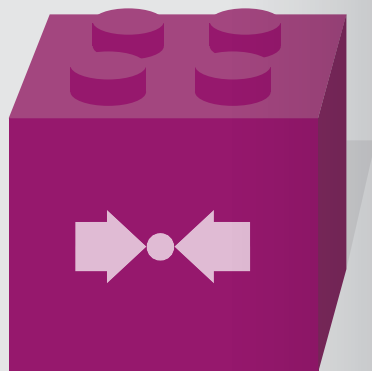
Networks

Given the often global and far-reaching nature of many companies with corporate foundations, there is the opportunity for foundations to make use of their parent companies' networks. This could be leveraging relationships with peers through industry collaborations, using business platforms to disseminate information or utilising contacts to create partnerships. Our research found that more than half of corporate foundations say that they make use of the networks and contacts created by the parent company.

Employees

Many foundations recognise that employees are a highly effective way to utilise the parent company's expertise. Foundations have long been drawing on employees for volunteering; with 70% of corporate foundations saying they engage employees as volunteers. The Game Changers go one step further by providing skilled pro bono volunteering, allowing employee secondments to the foundation and deploying trained staff to deliver foundation programmes on the ground.

Strategic Alignment



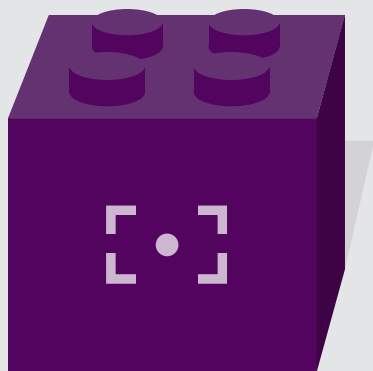
Game-changing foundations don't just draw on business acumen. They re-orient the foundation strategy to purposefully align with and complement their parent company. This might be by business area, focal issues, geography or other commercial priorities. A large majority (73%) of corporate foundations responding to our survey told us that they are already aligning their giving strategy with the parent company's business focus or with issues relevant to the industry of the parent company. This alignment goes hand in hand with using the expertise and knowledge of the parent company.

In order to align their strategies, game-changing corporate foundations are harnessing the expertise of parent company employees to assist with foundation strategy. Such expertise has a greater impact when the strategies are aligned and there are key learnings regarding the issues addressed that can be shared with the foundation. Game Changers are collaborating

with their parent companies in this way to address issues identified by the foundation. One example might be that a bank shares the main reasons that people fall into debt with its foundation, and the foundation can then develop a programme to address these reasons. Or an agricultural machinery company might share the problems faced by farmers in markets in which it operates, and the foundation can develop a solution using the parent company's technology that, although may not be commercially viable, has a marked social impact on the farmers.

73%
of corporate foundations state that their current giving strategy is linked to their parent company's business focus.

Focused



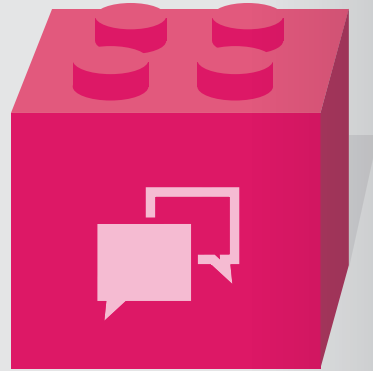
The third characteristic of the Game Changers is a ruthless focus. Targeting programmes in few thematic areas leads to a higher impact for society as well as the business, because resources, expertise and knowledge can be directed in one area. A focused foundation programme provides direction across all activities – whether local, national or international – driving a clear, consistent approach with structured delivery.

Over recent years, we have seen first-hand that many large foundations have undertaken strategic reviews of their programmes. This results in selecting a small number of focus areas, in accordance with their core strengths. Game-changing corporate foundations focus their programmes in areas where they can apply their business acumen and leverage their expertise through strategic alignment.

40%
of corporate foundations define a small number of focus areas and direct all efforts into these areas.

Some of these foundations will define one or more specific focus areas and subsequently respond to requests for support in those areas only. Others do not respond to unsolicited requests at all, and only work with fixed partner organisations that have mutually defined goals in a specific focus area.

Successful long-term partnerships between corporate foundations and non-governmental organisation (NGO) partners requires an upfront and transparent discussion to define the shared goals, establish the strengths of each organisation and design a model where both parties have a clear role and understanding of what is required from each.



Innovation is evident in how foundations interact with the wider world. Game-changing foundations go one step further from just dealing with the consequences of an issue. Instead they advocate for change. By leveraging their knowledge and expertise on specific issues, foundations can push for change in many different ways. This could be through forming partnerships, collaborating with delivery partners and local communities, and reaching external audiences through events and thought leadership.

Partnerships

A multi-stakeholder approach allows interested parties to share their expertise in developing the most appropriate and impactful solutions. Our survey found that currently two in five corporate foundations work with fixed partner organisations to deliver their programmes. Collaborating with an NGO, an academic institution or a cross-industry partnership brings expertise from multiple perspectives to deliver the greatest impact for beneficiaries. Foundations can act as safe spaces where NGOs and other organisations feel more comfortable collaborating with companies through the foundation model due to its independence and accountability.

Community participation

Bottom-up approaches to community development demonstrate how some communities are leading the way in tackling

the problems they face. The rise of social entrepreneurship highlights that communities are investigating, funding and implementing their own solutions to social, cultural and environmental issues. We also see that many NGOs have adopted a participatory, community-led approach, which ensures that solutions are owned by and built for communities. This can help to create sustainable and long-term impact. Engaging with local communities breaks down barriers between politics, business and civil society, and helps communities to build their own resilience. The Game Changers support communities by listening to central stakeholder needs, and applying their expertise to develop tailored solutions.

Events and thought leadership

Foundations that facilitate events and open dialogue between multiple stakeholders are able to share expertise and learn from others. Engaging with external audiences in this way can lead to partnerships with other organisations and communities that deliver impactful solutions by drawing on the expertise and point of view of all stakeholders. In producing thought leadership, foundations often collaborate with others to present a point of view on how the foundation can support the development of solutions to global problems. Reports draw on the foundation's own knowledge as well as sharing expertise learned from work with the parent company.

Case Study Thomson Reuters Foundation



The Thomson Reuters Foundation is well known for its ground-breaking approach to free and unbiased journalism on under-reported news. For 25 years, the Reuters Foundation trained journalists around the world and ran AlertNet, a free humanitarian news service covering crises worldwide. A strategic re-set was launched by Monique Villa when she became CEO of the Foundation in 2008.

'We stopped giving grants, and started giving services instead – focusing on the ones most in need and giving people a voice', Villa told us in an interview for this report. Today, the Foundation has four core programmes in line with the Thomson Reuters corporation's expertise.

Under-reported stories

A global team of journalists and stringers cover under-reported news, including modern slavery and trafficking, women's rights, human impact of climate change and access to land and property. Coverage is focused on the human angle, which is usually forgotten by mainstream media. Stories are published on the Foundation's own news site and on the Reuters news wires, frequently resulting in impact. For example, an investigation published in July on child labour in India's illegal mica mines provoked a decision by Volkswagen to suspend ties with implicated suppliers.

Media development

The Foundation trains and mentors journalists in 115 countries to foster accurate and independent journalism to better inform societies. It has created sustainable and independent news platforms in Iraq, Egypt, Zimbabwe and Myanmar.

TrustLaw

The Foundation connects NGOs and social enterprises with lawyers in 175 countries. This is the biggest platform for pro bono in the world. Since its creation six years ago, lawyers report having spent the equivalent of \$85 million in billable hours through TrustLaw. TrustLaw's research has also been used to help drive legislative changes across the world.

Trust Women

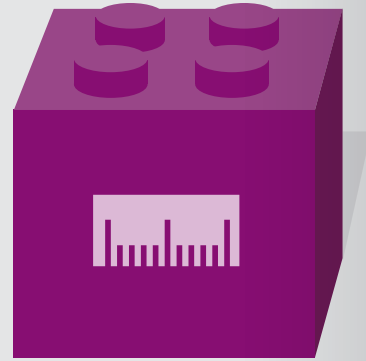
The yearly Trust Women conference is a movement to find solutions to empower women and fight slavery, and a key thought leadership platform.

Diversifying funding sources has also helped the Foundation to thrive and grow its impact. Approximately 50% of funding is from the founding business, Thomson Reuters. The rest is now derived from other companies or foundations that share the same approach to using innovative solutions to deliver transformative change.

We have a start up ethos. We move fast. Impact is our main goal... In all we do, we tackle global issues and strive to achieve lasting impact.

Monique Villa, CEO, Thomson Reuters Foundation

Impact Measurement



A vital component of the Game Changers model is to understand and improve the impacts caused by a foundation's contributions. Corporate foundations that understand and can demonstrate their impact are able to focus their activity in the areas where their expertise, experience and resources are most effective. In aiming to have a high social impact, these foundations must ensure that they have the tools in place to measure results.

Impacts are the short-term and long-term changes that happen to beneficiaries and organisations as a result of the activity. A short-term impact might be a young person being better informed about an issue. As a result of this, a long-term impact could be a greater number of young people going to college.

Demonstrating the impact of programmes can often be driven by the parent company's desire to report the success of their foundation. However, leading foundations measure their impact in order to understand the difference their funding is making to the issues addressed.

Our survey highlighted a gap between what corporate foundations aspire to achieve and what they actually deliver when it comes to impact. We know from our own work that impact measurement can be challenging to get right. Many talk about how they aim to achieve a lasting impact through transformative change, but do not have processes and methodologies in place to evaluate whether such change is being achieved.

Adopting a consistent approach to measuring impact provides the insights to enable foundations to improve management and delivery and inform future strategy and objectives. It is also crucial for strengthening communication and engagement with external audiences, by creating more powerful storytelling.

78%

of respondents said that corporate foundations should measure impacts of their programmes, but only 54% of all corporate foundations were measuring impacts – a clear gap between aspiration and reality.

Sustainable Financing



Finally, our research has highlighted that financing is one area where innovation is rife. Corporate foundations manage and spend billions of dollars, but some are now thinking about more than just the money they give away. Increasingly, foundations are seeing investment as a tool for social change as well as the social and environmental impacts of the capital they hold – not just the money they give away.

Social investment is an emerging area in the field of finance. It is broadly defined as an investment that generates not just a financial return (such as a dividend or interest) but also a social impact. Whilst these models are still uncharted territory for most foundations, we've seen that game-changing foundations are beginning to explore or have implemented two forms of social investment.

Impact investing

This takes the form of equity investment (or perhaps loans or fixed income investments), funded from the foundation's capital, that has the primary aim of producing a financial return but also gives weight to social considerations. One in five corporate foundations told us that they do this today. A sign of change afoot with environmental, social and governance (ESG) considerations is that a quarter of corporate foundations indicated to us that they are exploring this for the future.

Finance for programmes

These are equity investments from the foundation's capital (or income) that aim to advance the foundation's charitable purposes. For example, the foundation might provide financing to a start-up a social enterprise in exchange for a stake in the business, or an interest free loan to a community organisation. One in seven corporate foundations told us that they are providing this type of finance today, and a similar proportion indicated that they are looking at this approach for the future.

Given that corporate foundations are focused on doing good through the contributions they make to beneficiaries, it only makes sense for them to also think about the social impacts of the money they hold in the bank.

Game Changers in Action

THE MASTERCARD FOUNDATION



The MasterCard Foundation is an independent non-profit organisation committed to reducing poverty in Africa. It was established as an independent entity in 2006 by Mastercard when it became a public company and operates in a separate jurisdiction. With share capital from the Mastercard IPO, the Foundation has grown its impact over the last ten years. The MasterCard Foundation seeks a world where everyone has the opportunity to learn and prosper. It states that all people, no matter their starting point in life, should have an equal chance to succeed, and that with access to education, financial services, and skills training, people can have that chance. It has three programmes:

- 1) **The Youth Livelihoods programme** provides skills training for economically disadvantaged young people so they can find employment. This skills training focuses on developing foundational skills such as literacy and numeracy, technical skills, as well as soft skills such as critical thinking, communications and teamwork.
- 2) **The Education and Learning programme** provides access to secondary and university education for academically talented yet economically disadvantaged young people.
- 3) **The Financial Inclusion programme** expands access to financial services for people living in poverty,

particularly those in rural and remote areas.

- **Focused.** The MasterCard Foundation is focused on helping economically disadvantaged people in Africa find opportunities to lift themselves, their families and communities out of poverty. In its strategic plan, the Foundation sets out a commitment to focus some of its programming on agriculture.
- **Engaging.** One of the Foundation's core values is collaboration for impact. Over the last 10 years, The MasterCard Foundation has partnered with more than 110 organisations including financial institutions, civil society organisations, and entrepreneurs to provide access to opportunities for Africa's most vulnerable. For example, The Symposium on Financial Inclusion encourages banks and other financial service providers in developing countries to focus on the needs and expectations of people living in poverty, whilst the Fund for Rural Prosperity awards funds to entrepreneurs bringing affordable and appropriate financial products and services to rural Africa.
- **Impact measurement.** Developing and applying a theory of change for each programme, the Foundation measures its impact by evaluating programmes against six objectives, using a combination of mid-term evaluation, final evaluation, impact evaluation and learning partnerships.

THE BMW FOUNDATION



The BMW Foundation brings together leaders from across communities, cultures and countries to drive social innovation, promote global dialogue and encourage responsible leadership. The Foundation addresses a number of financial inclusion topics, through pro bono and engagement, emerging economies, social intrapreneurship and social entrepreneurship.

- **Business acumen.** The BMW Foundation is grounded in the concept of venture philanthropy – the use of capital as a tool to invest in social reform and impact. This approach allows the Foundation to blend its non-financial resources, like strategy consulting, organisational capacity building and involvement of networks, with typical funding approaches, including debt instruments and equity funding.
- **Focused.** BMW's programming focuses on financing social enterprises and non-profit organisations to solve increasingly complex social challenges. Consequently, its projects emphasise the integration of corporate funding and social innovation and engagement to

address issues like hunger, education and health quality. Its Impact Hub, for example, is a global start-up community for social entrepreneurs to develop and carry out innovative ideas for sustainable impact.

- **Engaging.** BMW believes collaborative thinking helps to recognise trends and innovative ideas more quickly and to further develop activities. Its initiatives aim to foster communication between its employees, politicians, businesses and civil society to allow society to benefit from the creativity and diversity resulting from cross-sector engagement. Its Social Impact Bond (SIB) market is the first global peer-to-peer workshop that discusses how to build markets and adopt tools, products and practices to solve societal problems around the world.
- **Sustainable financing.** The BMW Foundation uses most of its own funds to finance its work. Where it utilises partnerships, it offers financial support and corporate expertise to empower its partners to recruit supporters and be effective advocates.

VODAFONE FOUNDATION



Since it was founded in 1991, The Vodafone Foundation has been contributing to charitable activities worldwide through 27 local foundations. The main slogan of the Foundation is 'Connecting for Good', and it aims to connect communities using its mobile technology around the world to improve lives.

- **Business acumen.** In the Instant Network programme, the Foundation deploys volunteer engineers to set up donated portable GSM networks to provide communication support in the immediate aftermath of disasters to help those affected and assist in the coordination of rescue and relief.
- **Strategic alignment.** Each of its programmes has an intrinsic link to the core expertise of Vodafone, which is manifested through tailoring mobile technology

to address a social need. For example, in Tanzania the Mobilising Maternal Health programme identifies high risk pregnancies through mobile solutions, and facilitates transport to hospital for treatment using Vodafone's M-Pesa money transfer system.

- **Focused.** The programmes identify how the Foundation can help overcome key issues in three defined areas (health, education and disaster relief) through applying Vodafone's expertise in mobile technology.
- **Engaging.** The Vodafone Foundation produces thought leadership detailing its role in addressing global challenges, and explores the idea of how mobile technology more widely can contribute to solving these challenges.

THE EBAY FOUNDATION



Since 1998, the eBay Foundation has donated more than \$39 million to non-profit organisations around the world. Its vision is to harness the power of inclusive entrepreneurship to create a world where any individual – regardless of geography or circumstance – can fully participate in the global economy. Strategically aligned with the UN Sustainable Development Goals (SDGs), the Foundation focuses on innovative and impactful solutions that invest in and encourage social enterprise in local communities.

- **Business acumen.** As a platform for entrepreneurship, eBay integrates its knowledge and expertise of technological innovation and business inclusion to help entrepreneurs fully participate in the global economy.
- **Strategic alignment.** As an electronic marketplace for buyers and sellers, eBay has facilitated global entrepreneurship for almost 20 years. As more and more individuals are given access to markets and become economically independent, eBay is helping to facilitate and direct business to its own platform

through its engagement efforts in the developing world.

- **Focused.** The eBay Foundation's thematic focus on business integration and social entrepreneurship means its resources are directly allocated to people, social causes and communities that support and develop local businesses and strengthen circular economies. For example, eBay's partnership with the social enterprise Kolabo helps entrepreneurs in Indonesia bring their businesses online for the first time.
- **Engaging.** eBay employees volunteer their time and expertise to support the Foundation's focus areas. Examples of these efforts include mentoring workshops for young adult entrepreneurs and judging apps coded by girls participating in its global STEM competition. Employee teams also fundraise for their favourite local charities, match charitable donations and work together to recommend green events and organisations for the eBay Foundation grant to support.

ALIBABA TRUST



The Alibaba Entrepreneurs Fund is a not for profit initiative that was launched in November 2015 by the Alibaba Group, China's leading e-commerce company. It provides support to young entrepreneurs from around the world, helping them to establish their foothold in Hong Kong and Taiwan and make use of the Alibaba platform to scale up their operations across the world.

- **Business acumen.** Successful entrepreneurs benefit from the resources and expertise offered by

Alibaba's ecosystem in e-commerce, logistics, mobile platforms, cloud computing and financial services.

- **Focused.** The fund is specifically focused on helping entrepreneurs and young people from Hong Kong and Taiwan to start their own businesses by providing them with investment capital and strategic guidance.
- **Strategic alignment.** The fund supports entrepreneurs who are building innovative businesses with a unique value proposition, mirroring the company's start-up roots.

Challenges

Taking a strategic approach to investment can bring many benefits to a corporate foundation, the beneficiaries and the parent company too. However, adapting and advancing new strategies can create a number of challenges. Our survey highlighted some key barriers that foundations face.

33%

A third of respondents identified a lack of funding as a key barrier to change.

Funding and financing was the most common concern identified in our survey. **17% of survey respondents also stated a ‘lack of buy-in from the parent company’** as a key challenge to change – indicating that not all corporate foundations are getting support and alignment from their parent company.

Foundations in such a position should build a business case to win buy-in from the parent company and secure the funding required to enable change. Measuring and reporting on the impacts created could be one way to build a strong business case. Impact measurement is important; not only to track the success and effectiveness of the foundation’s activities and investments, but also to communicate tangible results back to stakeholders.

There may also be perceived or actual conflicts between the foundation and the parent company’s in-house corporate social responsibility/ community investment teams. Establishing clear boundaries between the two and setting strategic aims for both teams can help, and reduce overlap or conflict between the two.

28%

stated legal requirements as holding back change.

As foundations look to use the expertise, networks and products of their parent companies, we must not forget that they are separate and independent legal entities, and must remain so. Trustees must make decisions with the foundation’s best interests in mind.³ As foundations become more integrated, a major challenge will be to remain legally independent, yet still leverage the relationships they have with their parent company. Legal requirements detailing the way funds are spent in certain countries may also prevent existing models from innovating. For example, in the USA, legislation and procedural requirements must be met before foundations can undertake foreign grant making,⁴ this can restrict plans for growth and development.

Actions for Game-Changing Foundations

After 20 years of supporting corporate foundations, Corporate Citizenship has seen an increasing amount of foundations looking to develop a more focused, innovative strategy to deliver transformative social

impact. Foundations often ask us what best practice looks like. We have identified four actions corporate foundations can take to become Game Changers.

Setting up for success

Companies without corporate foundations will explore the benefits and risks of establishing a foundation to decide if a foundation model is right for them.

Bringing strategic focus to foundation programmes

Employing a robust, systematic approach helps practitioners assess and create strategic alignment between the foundation and its parent company. The process helps foundations understand what issues they can and should be tackling.

Delivering transformative social impact through innovation

Reviewing existing strategy through the lens of the six vital platforms for innovation identified will allow foundations to achieve the greatest impact with their resources, expertise and connections.

Measuring impact for change

Applying an impact measurement framework helps foundations to assess and manage the outcomes of programmes as well as identify opportunities for enhanced impact, collaboration and stakeholder engagement.

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About the authors



Cathy Moscardini is a Senior Researcher at Corporate Citizenship working across a variety of clients and industry sectors on projects including community investment and corporate foundations, strategy, corporate purpose, LBG and the Sustainable Development Goals. She has worked with clients such as Abbott, De Beers, Diageo and Unilever, and has recently been involved in Corporate Citizenship’s work on Gender Diversity in the Workplace. Cathy previously worked for Vodafone and graduated from the University of Manchester.

Further reading



Impact for Change, Better Business in a Better World (2016)

Hard Outcomes or Hollow Promises? Realising the True Impact of Corporate Community Investment (2016)

Corporate Foundations: A Global Perspective (2014)

The Foundations of Business: The Growth of Corporate Foundations in England and Wales (2013)

Revealing the Foundations (2006)

Corporate Citizenship

Corporate Citizenship is a global business consultancy specialising in sustainability and corporate responsibility. The team uses expert insight and a simplified approach to sustainability to deliver growth and long term value for business and society.

With teams in London, New York, San Francisco, Melbourne, Santiago and Singapore we work with clients on both a local and global level, to achieve their commitments to responsible business behaviours and sustainable practices.

We advise on a number of areas including strategy, community, engagement, environment, supply chain, socio-economic impacts, SDGs, reporting and assurance – helping clients to make the smart choices that will enable them to survive and thrive in an increasingly challenging business environment.

We have published a variety of resources and information for corporate responsibility and sustainability practitioners, which can be found on our website, corporate-citizenship.com. For further information about the report and our services, please contact Emma Upton: emma.upton@corporate-citizenship.com @CCCitizenship



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